

All Ears with Abigail Disney
Season 4 Episode 8: Rick Wartzman
Walmart: Good Intentions Are Not Enough
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RICK WARTZMAN:

I'm weirdly in Las Vegas, so I have no books to put my phone on. But I have an ice bucket, so I'm going to use that. There it is.

ABIGAIL DISNEY:

It's a new take on the ice bucket challenge.

Okay, so here we go. I have so many questions!

ABIGAIL DISNEY:

Hi all, I'm Abigail Disney and welcome to All Ears. In recent months, I've been on the road with my new documentary, *The American Dream and Other Fairy Tales*. In the film, I tell the stories of some Disney workers to show how the American Dream has become a nightmare for so many. Of course, the problem is not just with Disney. Today, nearly half of all American workers are struggling to make ends meet. That's why in this season of All Ears, I'm taking a deep dive into some of the big questions raised in the film with folks who are doing the most Disney thing possible, using their imaginations, in this case to rethink modern American capitalism, because if we don't reimagine how it all works, and fix it, we're going to be in big trouble.

Once upon a time, there was a charismatic and talented businessman who came from humble beginnings in America's heartland. And while he was flawed and complicated, he nevertheless built a stunningly successful business. And even though he didn't pay very well, he was mostly loved and admired by the people he employed.

His company would grow into one of the largest and most influential in the world, and his name was not Walt Disney. It was Sam Walton, of Walmart fame, affectionately called "Mr. Sam" when he founded the company back in 1962.

However, by the end of the century, according to my guest, journalist and labor expert Rick Wartzman, Walmart had morphed into something of a hellscape.

RICK WARTZMAN:

Walmart represented everything wrong with American capitalism. They didn't pay their workers enough. Their workers didn't have adequate health coverage. They treated their workers poorly in many ways.

And they were the big guys. They were the biggest employer in America. They were the biggest company in America by revenue.

ABIGAIL DISNEY:

In 2018, Walmart invited Rick inside to watch, as it attempted to turn its dark reputation around by improving conditions for its workers.

They let you in, which is kind of remarkable, right? Why would they let you in to watch this? Why did they trust you?

RICK WARTZMAN:

I'm a very persuasive fellow, you know?

And, mainly I think they think and thought they had a good story to tell. They had started to raise wages. They had started to invest in workers.

I told them, I'm going to give you your due. I think there's something really interesting here. I want to tell the story of how and why you came to raise wages.

I also was very clear, I'm not going to sugarcoat any shortcomings I find. I'm not going to pull any punches. I'm going to talk to all your critics. The unions are all my friends. I'm going to talk to everybody and I'm going to come to my own truth. And if you're good with that—and the result is this book.

ABIGAIL DISNEY:

The title of the book tells the story: *Still Broke: Walmart's Remarkable Transformation and the Limits of Socially Conscious Capitalism*.

It's a fascinating look at how good intentions, even from a behemoth like Walmart, are not enough to overcome the demands of Wall Street. Rick Wartzman has been watching Walmart for a long time. He is a longtime business journalist, with a bunch of great titles behind him, and he's the founder of a consulting firm looking to improve overall conditions for workers.

So, why don't we start with a quick and dirty history of Walmart. Who was Sam Walton and how did he build that company?

RICK WARTZMAN:

Sam Walton was a genius, I think a business genius, a retailing genius. He had an incredible knack for understanding what people wanted to buy. And his real insight was to be able to deliver high quality goods at affordable prices to parts of America that didn't have them.

So, this was mostly rural regions, right — Walmart is based in Bentonville, Arkansas — places where people would've had to drive, , maybe make the Sunday family trip to the big department store in the city that was an hour away or 90 minutes away. They couldn't find a lot of things they needed just right in their, , backyard.

And so, he wanted to have high quality goods, at affordable prices, particularly for those parts of the country, right? These weren't wealthy parts of America. And a lot of folks questioned whether this made any sense, whether there was the population density required to build a business like this in these regions. And obviously he proves all the doubters very wrong.

ABIGAIL DISNEY:

Within a decade, Sam Walton's "Everyday Low Prices" had caught fire. By the 1980s, he had opened thousands of new stores and hired hundreds of thousands of enthusiastic associates to stock the shelves and check out customers. They were happy to work there in spite of pretty abysmal salaries.

RICK WARTZMAN:

Sam Walton—he didn't pay well. He himself described his wages for his frontline employees as quote unquote "chintzy." That's his word. And he really was chintzy and he was actually pretty maniacal about holding down labor costs.

This was a key from the beginning to keeping prices low on store shelves, right, for the consumer. And he was so relentless about it, when he actually set up the company he tried to come up with a scheme to not even have to pay minimum wage. This was ultimately found to be illegal, and he had to do away with that scheme. So, he at least had to go to, , minimum or thereabouts.

But he got away with this for a couple of reasons. One is that he had a lot of charisma. And he really did, , build a business where people felt included. They loved him. He would fly around to all his stores and come in wearing a name tag — his said "Sam" of course, as if they didn't know who he was. And he had this kind of magnetic personality and he made people feel like they were part of this family business. They felt good about working there. They took pride in this fast growing company. And he praised them, and not with hollow words, but really how essential they were to the growth of the business.

And he also, in addition to charisma, there was an element of cash. So, he was a big believer in profit sharing and it didn't really make people, , there are stories of people retiring because of profit sharing, and you could invest your profits back into company stock, and then it was a growth stock. So, , some were said to have been made millionaires, others probably retired, certainly better than they would've otherwise. But I

think for a lot of people, based on the research I did, it at least made those chintzy minimum wages a bit more tolerable.

ABIGAIL DISNEY:

He was no fan of unions, right?

RICK WARTZMAN:

No, no. Yeah, I think in many ways, he learned from a guy named John Tate, who had come out of the 1930s as one of the original, kind of, union-busting attorneys and really wrote the American playbook on how to beat back organized labor through means both legal and illegal.

And Sam Walton adopted that. Walmart adopted that. And it's interesting, you're seeing that same playbook play out now at Amazon and Starbucks and many other companies, right?

ABIGAIL DISNEY:

Right. And now there's a big, thriving advisory business in union avoidance, right?

RICK WARTZMAN:

Right, hundreds of millions a year to consultants to figure out how to not have their own workers have a seat at the table, that's right.

ABIGAIL DISNEY:

Back to Sam Walton. By the early 1990s, he was so admired that the first President Bush awarded him a Medal of Freedom. But Mr. Sam died shortly afterwards and his was a hard act to follow.

It's always such an important moment when the founder dies — especially with a big, charismatic personality like that — and the leadership is passed outside of the family to a professional CEO.

How long did that aura last? How long did that good will stick to Walmart that Walton had built?

RICK WARTZMAN:

I think it really began, maybe it was about a 10 year slide after he died. Walmart went from being this iconic company in a good way to maybe an iconic company in not such a good way, and in many ways the most vilified employer in America.

And I think there were a lot of reasons for that. One is that that charisma of Sam Walton was obviously gone. It was literally dead and buried. I think the company, over time,

they got away from the good parts of his formula: making workers feel more included, their feeling valued, in all the intangible ways that good company culture can.

And, also becoming chintzier and chintzier. I mean, really like leaning into labor costs in a way that was corrosive and really made people's lives hard. And so, sort of the, , the tough parts of Mr. Sam were exacerbated and the good parts faded away.

The company in 2010 did away with profit sharing. They talked about modernizing their benefit system, all the usual euphemisms, but it was really just a cost-saving thing. And so all of that went away.

The other thing I think that's important is just size, scale. So, Walmart today, if you include Sam's Club stores, it has roughly, , 5,000 stores. It's just so immense, maintaining any kind of family feel or really being connected to your workers from headquarters, it just gets harder and harder to do. , Walmart was already big when Mr. Sam died, but it just got bigger and bigger and bigger, and I think maintaining any kind of family feel and culture is really hard to do at that scale.

ABIGAIL DISNEY:

Right.

By the time Sam Walton died, Wall Street had taken charge of corporate priorities. Many companies, not just Walmart, were saving money by slashing labor costs. Keeping stock prices high and shareholders happy was the new name of the game. It came to be called shareholder primacy, and it was a profound break from the way it used to be.

RICK WARTZMAN:

In the post-war era, so the 1950s and sixties into the seventies, companies were looking out for the interests of all of their stakeholders. So, their share owners, to be sure their shareholders, but also their employees, their customers, the communities they operated in. , some had these elaborate statements around looking out for the balanced interests of all these different groups, sometimes they'd include their suppliers or, , or others. But it was really this idea that a company had a broader societal purpose than simply to maximize shareholder value and maximize profit. I mean, that's kind of the root of it. And so it had to balance all these different interests. And that indeed is, , what management's job was to a large degree.

Starting in the 1970s and then accelerating through the eighties and nineties and into today, we've had this idea of shareholder primacy, where suddenly shareholders were elevated to the top of the pecking order. And so, their interests were elevated above the

interests of all those other stakeholders, most directly, really, workers, if you look at the way the pie is drawn up, right?

ABIGAIL DISNEY:

The pecking order was totally eliminated, as a thing. There was only one interest.

RICK WARTZMAN:

That's right. That's right. That's right. Yeah. Yeah, so shareholder primacy is just that, that shareholders are supreme, right?

ABIGAIL DISNEY:

Every time I talk about a specific that's problematic, I find that it's really easy to trace a direct line back from that problem to shareholder primacy. It's amazing how much is rooted in that.

RICK WARTZMAN:

And this was an intellectual movement. Milton Friedman, right, the University of Chicago economist, famously many credit or blame, if you're us, for having sort of started this idea, with this famous *New York Times Magazine* article.

And then that got taken up and embraced by what are now called “activist investors,” I think weirdly. [They] used to be called corporate raiders in the good old days. And shareholders were put, again, at the front of the line, or maybe everyone else was just eliminated.

ABIGAIL DISNEY:

Over the decades, Walmart's stock price climbed to breathtaking heights, while workers' salary stayed shockingly low. By 2003, there were no more Medals of Freedom. Walmart's treatment of workers was a big public relations problem.

RICK WARTZMAN:

Walmart became the target of two really extraordinary union campaigns, and they were not coordinated. In fact, the two unions on their respective fronts didn't get along terribly well.

So, one was from the United Food and Commercial Workers, which had been trying to organize Walmart for a long time unsuccessfully. Walmart was too big, too resistant, too organized in its opposition to unionization. They had this team that would swoop into any store where there was a hint of union activity and just snuff it out — all kinds of tactics that, again, you see now that Starbucks and Amazon and others are using out of that same playbook.

So, the UFCW had tried to organize, couldn't, and they decided to switch tactics and say that they were going to begin to treat Walmart more as a political opponent, almost, in the public eye, and really kind of sully Walmart's public reputation in every way they could.

The Service Employees International Union, the SEIU, at right about the same time, they had the same idea.

Both the United Food and Commercial Workers and the Service Employees International Union ran these two simultaneous campaigns. One was called "Walmart Watch" — that was the SEIU campaign — and "Wake up Walmart" was the UFCW campaign.

ABIGAIL DISNEY:

Had there ever been campaigns like this before? Was this the first?

RICK WARTZMAN:

I mean, there certainly had been corporate campaigns that tried to, again, sully a company's image, but never anything on this scale.

The really sophisticated kind of use of media. They would — there was a famous one where the "Wake Up Walmart," the SEIU campaign, somebody leaked them a document that was incredibly damning and just looked terrible because it was terrible.

A Walmart high up executive had written a memo to the board about basically "our healthcare costs are unsustainable at the company." This was before any kind of health reform had really passed. And she came up with a whole bunch of ways to hold down health costs in the company, basically saying, "Hey, we're hiring people who are not healthy. They're costing us money. We need to drive them out. Maybe we can get them to have to like, push carts in the, gather carts in the parking lot. They won't be fit enough to do it, then they'll leave and that will help lower healthcare costs."

ABIGAIL DISNEY:

That's a dark memo. Is that somewhere online where people can read it?

RICK WARTZMAN:

Oh yeah. The story was leaked to *The New York Times*, and you can still get it through *The New York Times*. Yeah.

ABIGAIL DISNEY:

We'll find the link. We'll put it up.

Then, just as the anti-Walmart campaigns were getting underway, something surprising happened. In the devastating aftermath of Hurricane Katrina, and the government's slow response, Walmart stepped in.

In a profits-be-damned show of support, Lee Scott, Walmart's new CEO, sent in meals, water, medication, and clothing. This heroic response to Katrina, along with management's newfound interest in environmental stewardship, gave Walmart an opportunity to label itself a socially responsible corporation.

RICK WARTZMAN:

So first of all, Katrina is this really — no pun intended — kind of watershed moment for the company where the government, the federal government, had this really inadequate response to the devastation along the Gulf Coast.

ABIGAIL DISNEY:

Yes, we recall.

RICK WARTZMAN:

Yeah, right. FEMA did not do its job well, and Walmart became FEMA, in effect. And they used their scale and sophistication around logistics and moving goods to get essential water and medicine and food into this hurricane ravaged region of the country. And they won wide praise for it.

Lee Scott had this kind of very important speech to every employee where he said, "Look, we're often criticized for our size, right, we're the Goliath, everyone likes to beat up on. Suppose we could turn our size to something good and make the world better every day, just like we did in Katrina. What would that mean? This was a great moment. We won praise. It felt good. It was the right thing to do. How do we do more of this?"

The company had already started to move down a path on the environmental front. They had started to meet with some environmental groups, through some backchannel conversations. This was largely at the behest of the Walton family that had gotten interested in these issues. They had had some connection with Conservation International and then the Environmental Defense Fund and others.

So big mainstream environmental groups who were, by the way, so nervous when they first started meeting with Walmart, that there were, they literally held these meetings in secret, because none of the environmentalists wanted to be seen walking into Walmart. And Walmart wasn't feeling so comfortable about meeting with these lefty environmentalists. So, it was all on the hush hush, but eventually, they began going down a path where they really did do a lot on the sustainability front and are still, to this day, seen as a leader in that regard, far from perfect, but a leader in that regard.

ABIGAIL DISNEY:

And, reading about it in your book, it feels very genuine and it feels like really effective things got accomplished and there was real movement forward. And I'm encouraged by that, of course, because it was partly family, among other things, that kind of pushed for that to happen. And it's good to know that potentially families can push large corporations.

RICK WARTZMAN:

I think there's another reason, too, though, and that is that, and this is true of a lot of companies that move, when they talk about being more socially responsible, they move first on the environmental front before they move on workers, right. And particularly on things like wages.

ABIGAIL DISNEY:

That's important. I'm not cynical, I don't think of it as greenwashing, but I do think there's a conscience steam valve in management. And if you can do this environmental supplement, it lets a little steam off that valve so you don't feel quite so bad late at night when you're thinking about the workers, I mean, do you think that happened a little bit?

RICK WARTZMAN:

I think the reason that Walmart and other companies gravitate first, so when we talk about ESG, and you hear that a lot, the environmental part before the "S" social part, is because, think about it: If you cut the size of your packaging, it's not only good for the planet and you are praised for it, but it saves money. It's more efficient. If you make your truck fleet more fuel efficient, it saves money.

So, this really spoke Walmart's language, and look they've gone way beyond the low hanging fruit of that stuff, and I do give them credit for getting beyond just the cost-saving stuff on the sustainability side. But it's the easier one for companies to pick off, because the return on investment is very clear.

Humans are messy. If we invest in workers, we know, I believe, I know you believe, that that pays off in terms of higher productivity and lower turnover, and ultimately will bolster the bottom line, but it can take longer. It's trickier.

ABIGAIL DISNEY:

It's a less straight line.

RICK WARTZMAN:

It's a less straight line, yeah. It's less straight.

ABIGAIL DISNEY:

I remember being at the Clinton Global Initiative when Lee Scott came out and talked about right-sizing packaging and talking about just how much would be saved by that.

And it was really striking, but it was also in that neoliberal win-win language that you kept hearing at the Clinton Global Initiative where everybody was looking to solve all the problems with a win-win. And the win-win is not always possible, especially when it comes to things like human rights and racial justice and paying people properly. You have to be able to go into a win-maybe kind of thing.

RICK WARTZMAN:

Somebody's giving up money. Someone's giving up some profit, right? Or they are giving up some power.

ABIGAIL DISNEY:

Yeah.

So, while Walmart may have had some environmental wins, it took much longer for the company to begin improving circumstances for its workers. That effort began in earnest in 2015, a full 11 years after Katrina.

Do you feel like there was a well-intended desire to do the right thing by workers at the time? Do you think this was coming from the right place?

RICK WARTZMAN:

I do. I think it was coming from multiple places, including the right place.

So, look, I — my book isn't a screed against Walmart. I found the executives there are, by and large, well-intentioned, good people. They don't wake up every day and think, "Oh my God, how can I screw our workers more?"

It doesn't, it's not like that. So part of it is they did want to do better.

Part of it was all kinds of pressure, right, that was building from the unions originally. The United Food and Commercial Workers spun out a group, called OUR Walmart, now called United for Respect, that continued to keep pressure on the company and keep them in the spotlight in not a good way, in terms of their wages and scheduling and how they treated their workers, generally.

You had politicians, Bernie Sanders and others, applying increasing pressure.

The interfaith community — really an important voice. The nuns who show up in Bentonville and at shareholders meetings and make their voices heard. The Interfaith

Center on Corporate Responsibility, ICCR is kind of the lead on that, and there's a whole Walmart team. And Walmart would really listen to them.

You had journalists like myself, right? The pains with a pen, who would go after them, as well.

But at the end of the day, Abby, I think the most important thing was just this came down to they needed to make change for business reasons. City councils wouldn't let them build the store in wherever because they had such a bad reputation.

That was followed by the fact that they had ground their labor costs down so much — they were holding wages down, they were thinning out their staff at stores to hold labor costs down and so people were doing multiple jobs. Turnover was rising as a result, right? Who wants to be paid little and work harder?

ABIGAIL DISNEY:

And turnover is expensive.

RICK WARTZMAN:

And turnover is expensive. I heard it was as high as 200% by the time Doug McMillon, the current CEO, came in in 2014.

One executive told me she visited a store, I think in South Carolina or North Carolina — it was 400% in that store. Just insane.

And so, as a result, shelves were bare, stores were dirty, and store sales were declining, quarter after quarter. They had cut into labor so much it was hurting the business. And they had to invest.

So, let's recognize what they did. In 2015, Doug McMillon, the new CEO, comes in, realizes he has to do something, right? All these business problems, all these pressures.

The average starting wage at Walmart at the time was \$7.65 an hour. They studied this: focus groups and surveys and they actually sent somebody from HR undercover to go into stores in Georgia and really get with the lived experience of frontline workers and understand what they were up against.

And management's proposal after all of this and 10 years of pressure building since Lee Scott's speech about Katrina, they come in and management proposes to the board they raise the starting wage to a minimum of \$8.25 an hour.

It's such a telling moment about how incremental companies are on this stuff. The most creative, in some ways, fast moving companies. I mean, look at Walmart, the speed with which they've moved online, right, to really be a rival of Amazon or they'll dive into cryptocurrency and blockchain and automated this and that and all these incredible things with great boldness. And it was to \$8.25 an hour. And they ultimately went to, in this two step process, to \$10 an hour as their minimum wage.

ABIGAIL DISNEY:

They went to nine, then \$10 an hour. What happened to share price?

RICK WARTZMAN:

Oh, well, when Wall Street got wind of this, and it took a little while for them to fully digest what the cost would be, and look, again, this would mess with the business model. They had been forecasting a run of profits over the coming few years, whatever the analyst projections were, and suddenly, based on this and some investments they were making in new technology, their earnings were going to be tamped down.

Yeah, they lost 10% of their market value in a day, right? And it was tens of billions of dollars in market cap went "poof!"

It was just stunning. Just Stunning.

ABIGAIL DISNEY:

Stunning, but I wonder, I don't know, I'd have to go back and look at it to see how long that 10% bounced back.

RICK WARTZMAN:

It took some months, I believe. I mean, it kind of, it ebbed for a while and then eventually it came back and then some, right?

ABIGAIL DISNEY:

But, I know that people, when the stock pops up 10% in a day, everybody's delighted, but when it drops 10% a day, people are jumping out of windows. It's really just as transient. And, it's an interesting thing, the way the response is to loss and it says so much about who we are as a business country.

RICK WARTZMAN:

I mean, Walmart, if you talk to them about "Why don't you pay more?" It's not a living wage that they're paying. It's the same answer, right?

It's that, "Well we pay at market or even a little above market." And it's like, "Well, the market's been terrible for 50 years. You're the largest employer. You help

create that market. You set the standard in many ways and you're a symbol of just a broader problem."

Look, a lot of companies have also leaned into this idea of, "If only workers had more skills, if they can get more skills, then we'll pay them more," right? Because then they'll be worth it. And so, I actually run a company now that is all around lifelong learning and workforce development. I think that's really important. I think you should be able to have opportunities to acquire new skills, and you should be rewarded if those skills are valued. And that's great. You can move up the ladder.

But the starting point on the ladder should be a quality job with a living wage. So, if I just want to be a cashier or I just want to be somebody who's the gate attendant at Disneyland or whatever, why shouldn't I be paid enough to get to the end of the month?

And, as your film shows, and as I found with so many Walmart workers have to make these trade-offs, "Do I pay rent or do I buy food or do I buy medicine?" I don't want to live in a society like that.

ABIGAIL DISNEY:

Yeah. And, I wonder if you put it to a plebiscite of the American people, 350 or whatever million people, if you just put to them the question, "Should a person who follows the rules and works full-time at any job be able to meet their most basic needs every week or month that they get paid?"

RICK WARTZMAN:

Love that.

ABIGAIL DISNEY:

And I guarantee you that the answer to that question would be yes, universally.

RICK WARTZMAN:

We've seen it, actually. Every minimum wage measure that has gone on a state ballot, and this is in blue states and red states, has passed. I think the American people have a fundamental sense, again, whatever their politics, that this country has a wage crisis.

Somewhere between, 25% and 40% of the labor force, so it's 40 to 65 million people, get up, go to work, but they are one thing going wrong away from making these terrible trade-offs, or being on food stamps and Medicaid and like, why do we do this in the richest country on earth?

ABIGAIL DISNEY:

Exactly. One of the people you talked to said, "I don't know that anyone in leadership

knew with certainty that the people were low paid.”

It seems like, when I read this, it seems like they had to have it told to them over and over and over and over again before they would actually let it in. Why?

RICK WARTZMAN:

Yeah, I think it goes to all those things we talked about. And look, ultimately, even for good people at a well-intentioned company, somebody's getting less money. Shareholders are getting less if workers are getting more, right?

It is the most direct, sort of, taking on your business model and saying you have to mess with it. And that's really hard to do. And it's hard for human beings to say, “I'm going to give something up.”

ABIGAIL DISNEY:

In 2019, the CEO of Walmart signed onto an extraordinary statement, drafted by the Business Roundtable, a group made up of top business leaders. The statement said that shareholder primacy had gone too far, and that it was time for corporate America to worry about its other stakeholders, in other words, workers and communities.

But after three years watching Walmart, Rick Wartzman believes that the shareholders are still in charge.

RICK WARTZMAN:

So, their minimum wage is now \$14 an hour. In some markets it's as high as \$19 an hour.

If you just look at full-time workers, which Walmart argues you should do. Just look at full-time workers, you're not getting the teenagers who are there, or people just want some pocket money who are senior citizens or whatever. If you just do that, a full-time Walmart worker, on average, is making under \$33,000 a year. That's still not a living wage anywhere.

ABIGAIL DISNEY:

No.

RICK WARTZMAN:

I think to really raise the wage to a level that would be a living wage I call for \$20 an hour minimum in the book, nationwide, and I would certainly love to see Walmart do that, and there's a lot of thinking behind why \$20.

It wouldn't surprise me if they really did have to make some changes to the model. Now, the biggest change might just be that yeah, they can't do as many share buybacks and

shareholders get less. That might be the most fundamental change, but that's a change, too. And a hard one.

ABIGAIL DISNEY:

Yeah, it's an important change and a hard one to do right now in this context, in part because of everything else we've just been talking about, but yeah, an important one to consider.

RICK WARTZMAN:

The grand lesson of my research: corporate America will never move far enough or fast enough on its own. We need a government solution to this.

ABIGAIL DISNEY:

I'm sure that's the conclusion you drew that they weren't all that happy they'd let you in for, and it's certainly a conclusion that plenty of people very much disagree with. Why won't corporate social responsibility be enough?

RICK WARTZMAN:

Why? Because it's too slow, it's too incremental. Some companies now are even talking about maybe they'll get to \$20 an hour, but it's like by 2026.

ABIGAIL DISNEY:

When you'll need 30, yeah.

RICK WARTZMAN:

Yeah, when you'll need 30, right? This needs to go to 20 today. And this is based on data from Living Wage for Us, an incredible organization. They do the math. It's really serious.

It's 20 today and then, yeah, we need to index it to inflation or index it to the median wage so that it keeps going up as the cost of living goes up, and we don't have to keep re-litigating this thing over and over.

This was maybe even an easier one to push back against in the "Greed is Good" era. But now you've got companies saying, "Look, we value all of our stakeholders and we're trying to serve all of their interests and balance all of their interests."

So, I look at how has this really played out at Walmart?

So from 2015, that first pay raise, up until the end of 2021, when I did the last calculation, the company had spent five to six billion dollars on mostly raising pay, but investing in training, providing better benefits, improving scheduling. Over that same period, they bought back \$43 billion worth of their stock.

And I look at the two and I say, “Okay, are they a stakeholder capitalism company?” Which they would say they are. Well, sure, five to six billion, that’s real. But is shareholder primacy dead?

I’m an old journalist. I just follow the money. And if you look at where the focus remains, it is squarely on creating shareholder value.

At the end of the day, the shareholder primacy remains because people are greedy. I mean, I don’t know how else to put it. And again, these are nice people. I’m not calling them greedy. I hesitate to do that. But it is hard to, on some level, come up with a different conclusion.

ABIGAIL DISNEY:

The Business Roundtable was a rather amazing statement and it made quite the splash. Do you think it’s translated into real movement?

RICK WARTZMAN:

Look, the rhetoric is greatly outrunning reality at this point. There is no question about that.

I think we are forcing executives to think about these issues more. Look, Walmart, let me inside to write this book. I think it’s all part of a trend. Things don’t happen quickly. I think this is what movements look like. Whether this will be a counter-movement to shareholder primacy that actually overcomes it and we can get workers to a living wage remains to be seen. But it’s a different conversation we’re having today then we would’ve 10 years ago.

ABIGAIL DISNEY:

Yeah. Well, I like that you’re leading with optimism.

RICK WARTZMAN:

What else can you do?

ABIGAIL DISNEY:

Rick, thank you so much! We’ve covered it, man. I think we covered it.

RICK WARTZMAN:

Yeah, no, it was really fun.

ABIGAIL DISNEY:

You can find more about Rick Wartzman consulting work at bendablelabs.com. I asked Rick about what groups are doing interesting work in the labor space, and for great data, he suggested the [Economic Policy Institute](https://www.economicpolicyinstitute.org/). To understand how living wages are

calculated in your region, he said to check out [Living Wage for US](#), as well as [MIT's Living Wage Calculator](#). And, if you want to learn more about the lives of frontline workers, go to [United for Respect](#).

If you want to see *The American Dream and Other Fairy Tales*, it's available on Amazon, and iTunes, and vudu. And we're hosting screenings across the country, so to find out if there's a screening near you, or to host a screening, please visit [americandreamdoc.com](#). That's [americandreamdoc.com](#).

You've been listening to All Ears with me, Abigail Disney. Our supervising producer is Alexis Pancrazi. Jake Frankenfield is our associate producer. Our engineer is Florence Barrau-Adams. Bob Golden composed our theme song. And our executive producer is Kathleen Hughes.

For Fork Office, the All Ears team is Angie Wang, Dominique Bouchard, Phil Nuxoll, Codey Young, and Cathie Camacho.

Thoughts, questions, feedback? You can reach us at [AbigailDisney.com/AllEars](#). Find us wherever you get your podcasts. Be sure to rate, review, subscribe and spread the word!

Thanks for listening.